

Department of Justice

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Western District of New York

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ORCHARD PARK BUSINESSMAN PLEADS GUILTY TO MULTI- MILLION DOLLAR INVESTMENT SCAM

BUFFALO, N.Y.-- U.S. Attorney William J. Hochul, Jr. announced today that James E. Rotterman, 33, of Orchard Park, N.Y., pleaded guilty before U.S. District Judge Richard J. Arcara, to wire fraud. The charge carries a maximum penalty of 20 years in prison, a fine of \$250,000 or both. The defendant also pleaded guilty to filing false income tax returns, which is punishable by a maximum penalty of three years in prison, a fine of \$250,000 or both.

Assistant U.S. Attorney Gretchen L. Wylegala, who is handling the case, stated that the defendant, using two companies he formed, JRCG Holdings, LLC and Warlord Media, LLC, began to advertise that he had businesses for sale on an internet site, www.BizBuySell.com.

The businesses Rotterman touted were allegedly profitable merchant portfolio accounts, which were to provide a cash flow to the investor. The defendant provided prospective investors information about the businesses via email, and provided financial documents demonstrating how successful the businesses were, including false profit statements and falsified bank statements and tax returns. Rotterman successfully attracted hundreds of investors who sent him over \$6,000,000.

All of these representations were false and the defendant had no businesses to sell. The financial documents he provided were either made up, or altered to show large income. Any "cash flow" received by the investors was in fact from their own, or other investor funds. The remaining cash was used by Rotterman to support his lifestyle, and to pay off large gambling obligations. The amount of investor loss will be determined by sentencing. The government believes that the losses may be as high as \$5,111,000.

In addition, Rotterman failed to account for all the income he received from the investors on his tax returns for the years 2008 and 2009. Tax losses total over \$387,000.

“The best advice the public should keep in mind when considering an investment is, if it sounds too good to be true, it probably is,” said U.S. Attorney Hochul. “This case is a good example of why it is so important for all investors to do their homework and know exactly who it is they are dealing with.”

The plea is the culmination of an investigation on the part of Special Agents of the Federal Bureau of Investigation , under the direction of Christopher M. Piehota and the Internal Revenue Service Criminal Investigation Division, under the direction of Acting Special Agent in Charge Victor W. Lessoff.

Sentencing is scheduled for August 27, 2012, at 12:30 p.m., in Buffalo, N.Y., before of Judge Arcara.

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